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Attorneys for Plaintiff JENS ERIK SORENSEN,
as Trustee of SORENSEN RESEARCH AND
DEVELOPMENT TRUST

UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

JENS ERIK SORENSEN, as Trustee of	)	Case No. 07cv 05568 JSW
SORENSEN RESEARCH AND)	
DEVELOPMENT TRUST,	)	DECLARATION OF MELODY A.
	)	KRAMER IN SUPPORT OF
Plaintiff	)	PLAINTIFF'S OPPOSITION TO
v.	)	DEFENDANT DIGITAL
	)	NETWORKS NORTH AMERICA,
DIGITAL NETWORKS NORTH	)	INC.'S MOTION FOR STAY
AMERICA, INC., a Delaware)	
corporation; LEGACY SUPPORT	)	Date: January 18, 2008
SERVICES, LTD. d/b/a S2G; and DOES	)	Time: 9:00 A.M.
1-100,	)	Ctrm: 2, 17 th Floor
	)	Judge: Hon. Jeffrey S. White
Defendants.)	
)	
)	

1 I, MELODY A. KRAMER, declare:

2 1. I am not a party to the present action. I am over the age of eighteen. I
3 have personal knowledge of the facts contained within the following paragraphs, and
4 could and would competently testify thereto if called as a witness in a court of law.

5 2. At all times relevant herein I have been an attorney for Defendant
6 Sorensen Research and Development Trust (“SRDT”), Plaintiff in the above-
7 captioned matter.

8 3. This Declaration is being submitted in conjunction with Plaintiff’s
9 Opposition to Defendant Digital Networks North America, Inc.’s Motion for Stay.

10 4. This case involves patent infringement allegations related to U.S. Patent
11 No. 4,935,184, a process patent relating to multi-shot injection molding of plastics.
12 Common applications of use of this patent are dual plastic ski boots, consumer
13 electronic products, kitchen utensils, and rubberized grips on the handles of power
14 tools.

15 5. The ‘184 patent has been licensed for use by such household name
16 companies as 3M Company, BMW, Newell Rubbermaid, Hitachi-Maxell, Mercedes-
17 Benz USA, Daimler-Chrysler, Philips Electronics, Robert Bosch, Thales Magellan,
18 Garmin International, Head USA, Nordica USA, Tecnica USA, Rossignol, Atomic
19 Ski, Skil, Irwin Tools, Dremel, Strait-Line, Chicony Electronics, The Stanley Works,
20 Milwaukee Electric, Welch Allyn, Griffin, Stanley Electric, Fluke, Acco, Harper
21 Brush, Woodstream, and Roche.

22 6. The ‘184 patent provides a long-sought elegant solution to a pervasive
23 problem in the injection molding of hollow plastic products: i.e., how to stabilize the
24 mold parts against relative movement during the highly pressurized injection of
25 melted plastic. This mold part relative movement problem causes misalignment of
26 the mold parts and results in products with walls of uneven thicknesses if not
27 adequately controlled.

28 7. The ‘184 patented method is directed toward stabilizing the mold parts

1 against relative movement during the second injection of injection molding of
2 laminated plastic parts produced sequentially in two cavities made up of at least one
3 common mold part and at least two different complementary mold parts.

4 8. The '184 patent teaches a method to stabilize the mold parts during the
5 second or later plastic injection by molding one or more stabilizing regions into the
6 first plastic material component(s) that rigidly secure the two mold parts against
7 displacement during the second or later injection.

8 9. By stabilizing the mold parts against mold part relative movement
9 during the injection process, hollow products may be produced having more
10 controlled dimensions.

11 10. The products accused of infringement in this case are Rio-brand MP3
12 players.

13 11. Publicly-available new articles state that Rio MP3 players were
14 originally produced by Diamond Multimedia. Diamond Multimedia was sold to
15 Taiwanese graphics chip company S3. S3 then sold its chip business and morphed
16 into SonicBlue. SonicBlue declared bankruptcy in early 2003. See Exhibit A.

17 12. Per public records, DNNA was created in July 2003 (apparently by
18 D&M Holdings Inc.) and acquired the Rio line from the SonicBlue bankruptcy
19 estate. See Exhibit B.

20 13. Shortly thereafter, in August 2003, DNNA announced the launch of five
21 new MP3 players and aggressive strategies for building the Rio line. See Exhibit C.

22 14. However, by summer of 2005, DNNA's parent company announced
23 that it was selling off most of its Rio technology to SigmaTel, with most of the
24 design and technical personnel being hired by SigmaTel. DNNA has claimed that it
25 ceased sales of the accused MP3 players in September 2005.¹ See Exhibit E.

26 ¹ Despite DNNA's claim, sales of the originally accused Rio MP3 players, and
27 other models that also appear to infringe, continue to be sold via DNNA's website
28 (www.digitalnetworksna.com) which links to a website run by co-defendant Legacy
Support Services, Ltd., a company doing business as S2G. See Exhibit D.

1 15. Before the filing of this litigation, Defendant's counsel, Mr. Hulbert,
2 represented to me that the SigmaTel acquisition left DNNA's records in a state of
3 disarray and represented that DNNA would have difficulty finding actual sales
4 numbers of the accused products.

5 16. Although DNNA appears to still be in business, Dun and Bradstreet
6 reported an inability to confirm operations as recently as March 2007. See Exhibit F.

7 17. By letter to co-counsel in February 2006, D&M Holdings USA General
8 Counsel, Mr. Meisels, stated:

9
10 The Rio products that were formerly produced by DNNA were
11 manufactured overseas by third-party contract manufacturers. DNNA
12 has requested input from these manufacturers concerning the issues
13 raised in your letter as it relates to the Rio products. Communications
14 with overseas contract manufacturers often move slowly
notwithstanding diligent efforts. Not having continuing business with
these entities increases the difficulties.

15 See Exhibit G.

16 18. Neither Mr. Meisels nor DNNA's outside counsel ever confirmed
17 receipt of information from these manufacturers or otherwise revealed the status of
18 those requests. Plaintiff does not know the identity or contact information for those
19 companies.

20 19. Plaintiff's counsel, J. Michael Kaler, sent an initial infringement notice
21 to DNNA in October 2004. I followed up on those efforts both in writing and by
22 telephone with representatives for DNNA. At no time during those communications
23 did DNNA represent that it was claiming that the '184 patent was invalid. To the
24 contrary, at least the last year of communications could be categorized as
25 negotiations over an appropriate licensing/release fee. No agreement was reached
26 and thus this suit was filed.

1 20. I am also counsel for Plaintiff in the patent infringement case involving
2 the '184 patent against Black & Decker Corporation that is referenced in
3 Defendant's pleadings.

4 21. Plaintiff commenced patent infringement litigation against Black &
5 Decker Corporation in August 2006. After almost a year of intense litigation, with a
6 claim construction and trial of affirmative defenses and willfulness already set for
7 November and December 2007, respectively, and within days after entry of an order
8 requiring Black & Decker to turnover documents from its late in-house counsel's
9 files, Black & Decker (U.S.) Inc. filed a request for reexamination of the '184 patent.

10 22. The reexamination request was accepted by the USPTO and Plaintiff is
11 awaiting receipt of the first office action.

12 23. In information obtained pre-litigation, I have learned that there has been
13 repeated turnover in corporate ownership and personnel of the accused Rio product
14 line, as well as the involvement of overseas manufacturers.

15 24. Plaintiff's initial infringement notice to DNNA in October 2004 went to
16 President, Hugh Cooney, at DNNA's Santa Clara, California address. He never
17 responded to that notice. Plaintiff made further attempts to contact DNNA, finally
18 receiving a letter from David Meisels, General Counsel for D&M Holdings US, Inc.
19 (presumably DNNA's parent company) who advised that Mr. Cooney was no longer
20 employed by DNNA.

21 25. In May 2006, outside counsel for DNNA, Mr. Hulbert, sent Ms. Kramer
22 a declaration relating to a claimed cessation of sales of the accused MP3 players as
23 of September 2005 signed by Bernie Sepaniak identifying himself as President of
24 Digital Networks North America, Inc. I have been unable to confirm Mr. Sepaniak's
25 capacity, and in fact have since located a press release from D&M Holdings
26 regarding Mr. Sepaniak dated December 2006 that puts into question whether Mr.
27 Sepaniak even was President of DNNA or the Rio line. See Exhibit H.

1 26. Additionally, public reports show that a portion of the Rio personnel were
2 transferred to SigmaTel, making them difficult to identify and locate. See Exhibit I.

3
4 SWORN TO under penalty of perjury of the laws of the State of California
5 and the United States, this 20th day of December, 2007.

6
7 /s/ Melody A. Kramer

8
9 _____
10 Melody A. Kramer, Esq.
11 Attorney for Plaintiff
12 mak@kramerlawip.com
13
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EXHIBIT A



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Original URL: http://www.theregister.co.uk/2005/08/30/rio_quits_mp3_arena/

Rio owner quits MP3 player market

By [Tony Smith](#)

Published Tuesday 30th August 2005 11:47 GMT

Rio owner D&M Holdings is to quit the mass-market portable music player market, the company said on Friday.

The announcement comes as no surprise given that it sold its Rio division's technology and people assets to SigmaTel in July.



At the time, D&M said it was still "examining additional strategic options for Rio", but reports last week revealed that none of them stand up to scrutiny.

Japan-based D&M, which also owns the Denon and Marantz hi-fi brands, has been trying to stem losses at Rio for some time. Rio - originally part of Diamond Multimedia - was a

pioneer in digital music hardware. But its Flash-based products were quickly out-evolved by hard disk-based units from a number of rivals, most notably Apple.

Being passed from corporate owner to corporate owner to corporate owner didn't help either.

Diamond Multimedia merged with S3 Graphics in 1999. S3 sold off the graphics chip business to Taiwan's VIA, effectively becoming Diamond Multimedia again in all but name. In 2000, it named itself SonicBlue and went on to acquire TiVo rival ReplayTV. It was eventually sued by the TV industry for incorporating ad-zapping technology, which ultimately led, in 2003, to a Chapter 11 filing. Rio and ReplayTV were sold to Digital Networks America, part of D&M, in April of that year.

The Rio product line was revitalised under Digital Networks, but despite winning reviewer plaudits, it failed to win significant customer numbers - it had simply lost too much brand equity to the iPod, iRiver and Creative's Zen line.

During its most recently completed financial quarter, Q1 FY2005, which ended 30 June 2005, D&M reported an operating loss ¥1.04bn (\$9.41m), to which the Rio division contributed an operating loss of ¥0.96bn (\$8.68m) - more than 92 per cent of the total. D&M reported a net loss of ¥717m (\$6.48m) for the quarter.

There's still hope for the brand, perhaps. D&M said it was retaining the Rio name, and has a licence to use the MP3 technology now sold to SigmaTel. However, if the name is to be revived, it will almost certainly be pitched at the high end, as are D&M's other brands - now joined by speaker maker Boston Acoustics. ®

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[Olympus quits MP3 player market](http://www.theregister.co.uk/2005/11/10/olympus_quits_mp3_biz/) (10 November 2005)

http://www.theregister.co.uk/2005/11/10/olympus_quits_mp3_biz/

[Flash famine a threat, warns Creative](http://www.theregister.co.uk/2005/10/26/creative_results_q1_06/) (26 October 2005)

http://www.theregister.co.uk/2005/10/26/creative_results_q1_06/

[Apple pipped to Nano name by arch-rival](http://www.theregister.co.uk/2005/09/09/apple_vs_creative_nano/) (9 September 2005)

http://www.theregister.co.uk/2005/09/09/apple_vs_creative_nano/

[Music phones no threat to MP3 players](http://www.theregister.co.uk/2005/09/09/phones_vs_players/) (9 September 2005)

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[Alienware readies ET-inspired MP3 player](http://www.theregister.co.uk/2005/09/07/alienware_does_mp3/) (7 September 2005)

http://www.theregister.co.uk/2005/09/07/alienware_does_mp3/

[iPod Mini to 'drop hard drive, gain colour display'](http://www.theregister.co.uk/2005/09/05/ipod_mini_forecast/) (5 September 2005)

http://www.theregister.co.uk/2005/09/05/ipod_mini_forecast/



The day Rio's music died

By John Borland

http://www.news.com/The-day-Rios-music-died/2100-1047_3-5843561.html

Story last modified Fri Aug 26 12:12:20 PDT 2005

The Japanese company that makes the Rio line of MP3 players is shuttering its portable digital-audio division.

Rio parent D&M Holdings said on Friday that the ultra-competitive business no longer fit its market strategy.

Although it has only a small market share compared to Apple Computer's iPod, the Rio brand name has been linked with the early days of digital-music history since weathering a lawsuit from the recording industry that aimed to shut down the MP3 hardware business.

D&M Holdings--which also owns high-end home audio brands including Denon and Marantz, and is close to acquiring Boston Acoustics--said the portable MP3 player business required too much investment, and didn't offer enough return, to warrant continuing.

The company said it will stop producing the Rio line of products at the end of

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Despite its history of innovative designs, the Rio brand has had a choppy corporate history.

Originally produced by Diamond Multimedia, the first Rio-branded MP3 player **triggered a lawsuit** in 1998 from the Recording Industry Association of America, which at the time viewed MP3 as primarily a format for music pirates.

After an initial injunction **blocking sales of the product**, courts ultimately **ruled against the record industry**, clearing the way for a digital-audio market that evolved into today's iPod-dominated music culture.

Diamond Multimedia was purchased not

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The day Rio's music died

long afterward by Taiwanese graphics chip company S3, which eventually sold its chip business and **morphed into Sonicblue**, acquiring other consumer technologies, including ReplayTV, along the way.

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The company's fortunes fell in the middle of the dot-com crash, and Sonicblue **declared bankruptcy** in early 2003, selling off the Rio assets to D&M Holdings.

The last several years have seen several well-reviewed designs from the company, including the hard-drive-based Rio Karma and Rio Carbon players, which respectively competed with the iPod and iPod mini.

Neither device, however, was able to gain more than a small fraction of the iPod's market share. Some customers complained about persistent hard-drive problems with the Karma.

D&M said it would retain rights to the Rio brand and trademark, and would continue to support retailers and customer service claims.

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EXHIBIT B



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Entity Name: DIGITAL NETWORKS NORTH AMERICA, INC.
Entity Kind: CORPORATION **Entity Type:** GENERAL
Residency: DOMESTIC **State:** DE

REGISTERED AGENT INFORMATION

Name: THE CORPORATION TRUST COMPANY
Address: CORPORATION TRUST CENTER 1209 ORANGE STREET
City: WILMINGTON **County:** NEW CASTLE
State: DE **Postal Code:** 19801
Phone: (302)658-7581

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20400 STEVENS CREEK BLVD STE 100		
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Agent for Service of Process		
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FOR IMMEDIATE RELEASE

**D&M HOLDINGS INC. WINS BID FOR REPLAYTV AND RIO BUSINESS UNIT
ASSETS OF SONICBLUE INCORPORATED IN BANKRUPTCY COURT AUCTION**

--D&M Holdings also reveals plans to establish a digital development group in North America to drive strategy and develop technology for the entertainment-based digital home network--

TOKYO – April 16, 2003 -- D&M Holdings Inc. (TSE II: 6735), parent company of Denon, Ltd. and Marantz Japan, Inc., announced today that it was successful in a bid to acquire certain assets comprising the digital video recorder and MP3 business units of SONICblue Incorporated, a U.S. company. D&M Holdings will purchase those assets, which include the ReplayTV® and Rio® brands, for \$36.2 million.

The bidding process occurred Tuesday during an auction of SONICblue's assets in the U.S. Bankruptcy court in San Jose, California. The transaction is expected to close in approximately 10 days.

D&M Holdings is purchasing inventory, receivables, intellectual property and capital equipment. The company will also take over selected contractual relationships and liabilities. D&M Holdings intends to keep all ReplayTV customers and will design, manufacture and distribute a line of ReplayTV and Rio products.

For the last 12-month period, ReplayTV had revenue of approximately \$22 million and Rio had revenue of approximately \$62 million. The impact to D&M Holdings' earnings in fiscal year 2003 is not fully determined at this time. Given the nature of these assets, the reduction of certain expenses and liabilities as a result of the bankruptcy process and identified restructuring activities, D&M Holdings expects this purchase to be slightly dilutive to earnings in fiscal year 2003 but accretive thereafter. Despite this dilution and with the effects of the new businesses in fiscal year 2003, D&M Holdings remains comfortable with the consensus market analyst earnings per share estimates for fiscal year 2003.

D&M Holdings also announced plans to establish a new digital development group under D&M Holdings U.S., Inc. The business assets purchased from SONICblue will be merged into this new digital development group. The new subsidiary, Digital Networks North America, Inc. (DNNA), will drive the strategy and develop the core technologies that will enable the brands within D&M Holdings to become the leaders in the emerging entertainment-based home networking market.

"Both the ReplayTV personal video recorders and Rio portable compressed audio players are innovative products that have won numerous coveted industry awards," said Tatsuo Kabumoto, chief executive officer and president of D&M Holdings. "We will leverage the intellectual property and the excellent engineering talent from the ReplayTV and Rio businesses across our D&M brands while positioning these businesses to be more profitable."

The agreement to purchase assets of ReplayTV and Rio represents D&M Holdings' second investment in technology to create entertainment-based digital home networking solutions. D&M Holdings made an investment in 2002 in Mediabolic, a San Francisco-based company that

provides an embedded software platform for entertainment devices. Denon will use the Mediabolic platform in new products that will be launched later this year.

For further information, contact:

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About D&M Holdings Inc.

D&M Holdings Inc. (TSE II: 6735) is based in Tokyo and is the parent company of wholly owned subsidiaries Denon Ltd. and Marantz Japan, Inc. Denon and Marantz are global industry leaders in the specialist home theater, audio/video consumer electronics and professional audio markets, with a strong and long-standing heritage of manufacturing and marketing high-performance audio and video components. Additional information is available at www.dm-holdings.com.

Statements in this news release regarding D&M Holdings Inc. that are not statements of historical fact may include forward looking statements regarding future events or the future financial performance of the company. We wish to caution you that such statements are just predictions and that actual events or results may differ materially. Forward looking statements involve a number of risks and uncertainties surrounding the bankruptcy proceedings of SONICblue and the ability of the parties to complete a transaction, the ability of D&M Holdings Inc. to successfully integrate the ReplayTV and Rio businesses into its global operations, the ability of D&M Holdings Inc. and Digital Networks North America, Inc. to execute their digital networks strategy and other factors related to the company's businesses.

EXHIBIT C

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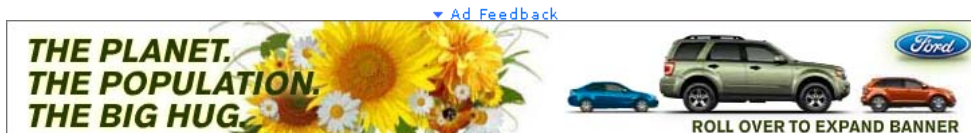


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Rio launches five new MP3 players

By Eliot Van Buskirk
(August 12, 2003)

Emerging from Sonicblue's bankruptcy, Rio, now a subsidiary of D&M Holdings, recently announced five new MP3 players with a wide range of capacities and designs, including a true iPod competitor and the first MP3 player to hit the market that takes advantage of the new inch-wide 1.5GB hard drive. Those models, plus three flash players, will all be available within the next month, along with the supercharged Rio Music Manager 2.0 music-organization software, which is backward compatible with older players. Size up the new Rios using the chart below, and find out whether you should preorder one today.

Availability	Model name	Price	The scoop
August 27, 2003	Rio Cali Sport (128MB or 256MB)	\$199 (256MB) \$169 (128MB)	Building on the appeal of last year's popular S35S , Rio is once again targeting the fitness enthusiast with the Cali Sport. This model has a rubberized exterior and a compact, spherical, rugged design that can weather whatever rough treatment you might inadvertently dish out. An armband, a stopwatch, a lap timer, and an FM tuner round out the equation and make the Cali Sport a great gym companion. The unit comes in two capacities (128MB for \$169, or 256MB for \$199), and its memory can be expanded using SD or MMC media. Specs: 128MB or 256MB capacity; 2.5 by 2.6 by 0.8 inches; 1 ounce; USB 1.1; expansion slot for SD/MMC media; five-band equalizer; FM tuner; 18-hour battery life from one AAA battery
August 20, 2003	Rio Chiba (128MB or 256MB)	\$199 (256MB) \$169 (128MB)	While less groundbreaking than Rio's hard-drive based players, the flash-based Chiba features FM reception and an SD (Secure Digital) expansion slot for adding up to 512MB of memory. The Chiba comes in two capacities: 128MB for \$169 (with a white front), or 256MB for \$199 (with a black front). Specs: 128MB or 256MB capacity; 2.7 by 2.4 by 0.8 inches; 1.8 ounces; 18-hour battery life from one AAA battery; FM tuner; five-band equalizer; USB 1.1; expansion slot for SD or MMC media; Windows/Mac/Linux
August 7, 2003	Rio Fuse	\$129	With the \$129 Fuse, Rio enters the growing market for small flash players that plug directly into any USB port, obviating the need for a USB cable. Unlike its less expensive competition, the MP3/WMA-compatible Fuse features an LCD so that you can read song information and alter EQ and random/repeat settings. And like the rest of Rio's new line, it connects to multiple computers, so it's perfect for ferrying data files between home, work, and school. Specs: 128MB capacity; 3.5 by 1.5 by 0.7 inches; direct USB connection; 18-hour battery life from one AAA battery; Windows/Mac/Linux
September 1, 2003	Rio Karma (20GB)	\$399	This \$399 player has a 20GB hard drive, like many of the other hard drive-based players out there. What makes it stand out from the crowd is its compact, cubic design. While thicker and slightly wider than the iPod, it's more than an inch shorter in length and can connect to an Ethernet network to act as a digital audio receiver . It's also the first MP3 player to support two burgeoning open source codecs: Ogg Vorbis and FLAC (Free Lossless Audio Codec), the latter of which sounds as good as an uncompressed WAV file. Audiophiles and power users will eat these features up when the player ships on September 1. Specs: 20GB capacity; 2.7 by 3.0 by 0.9 inches; 5.5 ounces; 15-hour rechargeable battery life; USB 2.0/1.1; Ethernet port; line-out port; docking station; five-band parametric EQ; MP3/WMA/OGG/FLAC codecs supported; Windows only
August 27, 2003	Rio Nitrus (1.5GB)	\$299	The \$299 Rio Nitrus is one of a new breed of MP3 player; its 1.5GB capacity sits between that of flash players, which typically hold 512MB of music or less, and hard drive-based players, which (until now) have had capacities of 5GB or more. While it can't hold 7,000 songs, the Nitrus is smaller and lighter than any other hard drive-based player released to date and provides ample storage for hundreds of tunes. Specs: 1.5GB capacity; 3 by 2.4 by 0.6 inches; 2 ounces; MP3/WMA compatibility; five-band equalizer; 16-hour rechargeable battery life; USB 2.0/1.1

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09.17.2003

D&M Holdings Inc. steadily advances strategy to become the leader in the premium home market. Digital Networks North America (DNNA) plays key role in implementing the D&M strategy through its advanced digital network technology and products.

TOKYO - September 17, 2003--D&M Holdings Inc. (D&M, TSE#6735), parent company of Denon Ltd., Inc., McIntosh Laboratory, Inc. and Digital Networks North America (DNNA), held a press conference on Tokyo with DNNA Chairman Michael Seedman, who discussed the company's business strategy.

"DNNA will drive the strategy and develop the core technologies that will enable the brands within D&M become the leaders in the home networking market," said Michael Seedman. "Regarding the Japanese focus on Rio in the near term," he said.

Said Merle Gilmore, Chairman of D&M: "D&M is helping create the digital lifestyle. The brands and digital technologies within DNNA will play key roles in achieving this goal."

D&M Strategy

D&M's business strategies are to:

1. Acquire leading premium AV brands. Earlier this year, D&M acquired McIntosh Laboratory, Inc., premium brand in home entertainment systems.
2. Create a single industrial operation to achieve scale. To date, the post merger integration initiatives are progressing globally.
3. Develop core technology (software). D&M has invested in Mediabolic, a San Francisco-based software company, and acquired the Rio, ReplayTV and Escient brands.
4. Strengthen relationships with AV specialty store and custom installers. To date, D&M has been increasing its presence on area-based AV specialty stores in the US.
5. Divestiture of non-core businesses. D&M has completed the sale of three non-core businesses.
6. Improve customer service. Improvement on after-service (operations) is in process.

DNNA(Digital Networks North America) Mission and Strategy

- lead the networked home entertainment market and development of core digital technology for D&M

DNNA's mission is to establish a North American center of excellence within D&M for networked home entertainment. DNNA's strategies are the following:

1. Establish leadership in network technology and network product development. Develop a strong intellectual property portfolio.
2. Emphasize digital / network product customer support across all D&M brands and give this strategy the same priority as product development.
3. Drive the introduction of the network technology into D&M brands.

DNNA Brand Strategy

(1) Rio

- Digital / Network Role

Rio represents the portable extension of home entertainment through personal experience -- within and (auto, plane, sports). Its product category is the MP3 portable player that targets the 13-35-year-old market. Its strengths include device design and styling and high volume design and sales.

- Marketing Strategy

Rio's value proposition is the introduction of many different and unique industrial designs incorporated with technologies and intuitive software. By launching multiple new products of flash MP3 players and flash HDD players, Rio's goal is to achieve #1 share in the US flash MP3 player market by the end of Q3 in FY2003 and the US HDD MP3 player market by the end of Q4 in FY2003.

(2) Replay TV

- Digital / Network Role

ReplayTV represents the D&M mass-market and big-box retail entry point for PVR (Personal Video Recorder) (Set Top Box) technology. Its product category is PVR, targeting early adopters and techno-savvies. Its strengths include end-to-end PVR solution, system and application software expertise, network operations infrastructure and patent portfolio.

- Marketing Strategy

ReplayTV's value proposition is to target two different market segments -- lower cost and easy to use and high performance. For the two different markets, ReplayTV puts high-end HD STB/PPV (Pay Per View) with high-end demographic supports price point and feature set, and ultra low-end broadcast PVR with basic functional general broadcast programming (non-copyright protected).

(3) Escient

- Digital / Network Role

Escient represents the custom installer's choice for "IT Grade Premium" installed AV and home automation system. It is also responsible for network interoperability platform development and transfer within D&M. Its core strengths include network interface technology and backend service provision (EPG, discography, content clearing house, etc.).

- Marketing Strategy

Escient uses the new DVD management product as leverage to pull sales of the DVD manager and Fire DVD Managers, with focus on the ease of use and the polish of the user interface. In addition, it also improves its relationship with premier home automation companies and premium retailers.

DNNA Japan Strategy

Enhance DNNA's presence primarily with Rio products. Rio intends to lead the MP3 market by adding new HDD players and maintain the current #1 position in flash category in Japan to establish impregnable position in WMA/MP3 player market in the upcoming holiday season. Rio cooperates with TDK Marketing (TMK) as a channel to leverage its widespread retailer connection (covering full range of channels, PC shops to CE

About Digital Networks North America (DNNA)

Digital Networks North America, Inc. (DNNA) is a wholly owned subsidiary of D&M Holdings U.S., Inc. D the ReplayTV, Rio and Escient branded products, representing the best in digital entertainment devices. developing and building network connected entertainment products. The core technologies developed a introduced across the D&M Holdings line of products in the advanced home theater and home networke Holdings Inc., parent to D&M Holdings U.S., Inc., is a global, publicly traded company on the Tokyo Stoc (TSE II: 6735). D&M Holdings brands include Denon, Marantz and McIntosh Laboratory -- all industry le: specialist home theater, audio/video consumer electronics and professional audio markets.

About D&M Holdings Inc.

D&M Holdings Inc. (TSE II: 6735) is based in Tokyo and is the parent company of wholly owned subsidi: Marantz Japan, Inc. and McIntosh Laboratory, Inc. Denon, Marantz and McIntosh are global industry lea specialist home theater, audio/video consumer electronics and professional audio markets, with a strong standing heritage of manufacturing and marketing high-performance audio and video components. A wh subsidiary of D&M Holdings U.S., Inc., Digital Networks North America, Inc. (DNNA), owns the ReplayTV Escient brands---all representing award-winning technologies in digital home entertainment. Additional ir available at <http://www.dm-holdings.com/>.

Statements in this news release regarding D&M Holdings, Inc. that are not statements of historical fact n forward looking statements regarding future events or the future financial performance of the company. \ caution you that such statements are just predictions and that actual events or results may differ materia looking statements involve a number of risks and uncertainties surrounding the integration of the compa competitive and industry conditions, targeted cost savings programs, market acceptance for the compan technological changes, developing industry standards and other factors related to the company's busine

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EXHIBIT D



portable audio innovations

FLASH PLAYERS

HARD DRIVE PLAYERS

LEARN

MUSIC

SUPPORT

PARTS & ACCESSORIES

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Parts and Accesories

Rio Accessories and Replacement Parts are available through our Authorized Service Provider S2G at the following address:
<http://rioaudio.s2gstore.com>

[Security & Privacy](#) | [About Rio](#) | [Store Locator](#) | [Contact Us](#)
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[Support](#)**Now Available**
4GB "Mega" Forge
WHILE SUPPLIES LAST

DON'T MISS THIS OPPORTUNITY

Perfect for
Sports & Outdoor
Activities!**Rio Carbon 5GB Player**
(unit only, factory renewed)

With an ultra-thin and tapered design, and with 25 percent more...

~~\$129.99~~

\$99.99

BUY**Forge - Silver 1GB**

The Rio Forge series is our latest generation of flash-based...

~~\$199.99~~

\$69.95

BUY**Rio Carbon Premium Case**

Secure case design that includes a removable belt clip, easy access...

~~\$29.99~~

\$19.99

BUY**Rio Ce2100 2.5gb with accessories** (factory renewed)

With an ultra-thin and tapered design, and with 25 percent more...

~~\$149.99~~

\$89.99

BUY**Rio Forge 512 with Accessories** (factory renewed)

The Rio Forge series is our latest generation of flash-based sports...

~~\$129.99~~

\$49.99

BUY**Rio Forge 256 with Accessories** (factory renewed)

The Rio Forge series is our latest generation of flash-based...

~~\$69.99~~

\$39.99

BUY**Rio Sport Headphones**

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\$49.99


BUY**Rio Forge 256 with Accessories** (factory renewed)

The Rio Forge series is our latest generation of flash-based...

~~\$69.99~~

\$39.99

BUY**Rio Sport Headphones**



Comfortable Sport Clip
Earphones allow you to
play...

~~\$19.99~~
\$14.99

BUY




[Home](#) - [MP3 Players](#) - [Accessories](#) - [Contacts](#)

Copyright © Support Services Group, 2005. All Rights Reserved

S2G is the authorized repair center for Rio products. All sales are made exclusively by S2G and all obligations for warranty are provided solely by S2G.





Comfortable Sport Clip
Earphones allow you to
play...

~~\$19.99~~
\$14.99

BUY



[Home](#) - [MP3 Players](#) - [Accessories](#) - [Contacts](#)

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EXHIBIT E

For Immediate Release

D&M Holdings Inc. to Sell Rio's Technology Assets to SigmaTel, Inc.

TOKYO—July 26, 2005 - D&M Holdings Inc. (TSE II: 6735) announced today it has signed an agreement to sell certain intellectual property and other technology assets of the Rio® MP3 player business to SigmaTel, Inc. (NASDAQ: SGTL), a leading supplier of integrated circuits (ICs) for the portable digital audio player market.

As part of the agreement, SigmaTel will hire most of the technical development personnel of Rio. Rio will retain full access to its MP3 technology that it has agreed to sell to SigmaTel via a no-fee, grant-back license conditioned on its use of the SigmaTel platform in MP3 products. Financial terms were not disclosed.

D&M Holdings owns Denon, Marantz, McIntosh Laboratory and the D&M Professional, ReplayTV®, Rio® and Escient® brands.

SigmaTel's industry-leading portable digital audio technology can be found within the latest MP3 players made by Rio, Creative, GoVideo, Memorex, Samsung, Thomson RCA and many others. To date, SigmaTel's focus has been on flash-based players, which is the largest segment of the MP3 player market, however, the company also supplies the technology for hard-drive designs by Rio, including the Rio Carbon and Nitrus, and also by GoVideo, Creative and Memorex.

"Engineers from Rio and SigmaTel have worked together for years improving MP3 software and creating great value for the consumer," said Vic Pacor, president of D&M Holdings. "We are transferring the Rio technical and engineering resources to SigmaTel, where they can be better leveraged through SigmaTel's considerably larger scale in the MP3 business," he said. "We received an attractive offer for the Rio assets that we are selling, and we have secured access to enabling technology for the MP3 category of products without carrying the full cost of the technology," Pacor said.

D&M Holdings publicly disclosed in May that it was examining strategic options to reduce the effect Rio's losses had on the company.

D&M Holdings is expected to recognize approximately (US) \$7 million extraordinary gain in the second quarter of the 2005 fiscal year. D&M Holdings will not adjust the FY05 profit and loss forecast at this time because it is currently examining additional strategic options for Rio, and the financial impact of such options is unknown.

About D&M Holdings Inc.

D&M Holdings Inc. (TSE II: 6735) is based in Tokyo and owns the Denon, Marantz, McIntosh Laboratory, D&M Professional, ReplayTV®, Rio® and Escient® brands. Denon, Marantz, McIntosh and D&M Professional are global industry leaders in the specialist home theater, audio/video consumer electronics or professional audio markets, with a strong and long-standing heritage of manufacturing and marketing high-performance audio and video components. The ReplayTV, Rio and Escient brands represent award-winning technologies in digital home entertainment. Additional information is available at www.dm-holdings.com.

About SigmaTel, Inc.

SigmaTel, Inc., a fabless semiconductor company headquartered in Austin, Texas, designs, develops, and markets proprietary, analog intensive, mixed-signal ICs for a variety of products in the consumer electronics and computing markets, including portable compressed audio players, such as MP3 players, notebook and desktop PCs, DVD players, digital televisions, and set-top boxes. SigmaTel provides complete, system-level solutions that include highly-integrated ICs, customizable firmware and software, software development tools, reference designs, and applications support. The Company's focus is on providing system-level solutions that enable customers to rapidly introduce and offer electronic products that are small, light-weight, power-efficient, reliable, and cost-effective. SigmaTel is ISO 9001:2000 certified and is committed to providing customers with high performance, quality products along with superior customer service. For more information, please visit www.sigmatel.com.

For further information, contact:

D&M Holdings, Inc.
Zenichiro Ishibashi
+1 81 42 748 7700

For D&M Holdings in the US
Dobbin/Bolgia Associates
Sara Trujillo
+1 212 388 1400

strujillo@dba-pr.com

For Rio in the US

Porter Novelli

Hector Marinez

+1 408 369 4650

hector.marinez@porternovelli.com

Statements in this news release regarding D&M Holdings Inc. that are not statements of historical fact may include forward looking statements regarding future events or the future financial performance of the company. We wish to caution you that such statements are just predictions and that actual events or results may differ materially. Forward looking statements involve a number of risks and uncertainties surrounding the integration of the company's acquisitions, competitive and industry conditions, targeted cost savings programs, market acceptance for the company's products, technological changes, developing industry standards and other factors related to the company's businesses

#



February 22, 2006

VIA EXPRESS DELIVERY

Melody A. Kramer
Kramer Law Office
9930 Mesa Rim Road, Ste. 1600
San Diego, CA 92121

Re: Charge of Infringement

Dear Ms. Kramer,

I received a copy of your January 19, 2006 letter to Mr. Hugh Cooney. As I believe you are now aware, Mr. Cooney is no longer employed by Digital Networks North America, Inc (DNNA). Mr. Cooney left DNNA last year. As you may also be aware, DNNA ceased sales of its Rio digital audio products in September 2005 and has no plans to produce any further Rio products. In fact, Rio's existing engineering resources and patents were sold to Sigmatel, Inc. last year.

As a result of these changes, I am the appropriate legal contact regarding the matters raised in your letter. The Rio products that were formerly produced by DNNA were manufactured overseas by third-party contract manufacturers. DNNA has requested input from these manufacturers concerning the issues raised in your letter as it relates to the Rio products. Communications with overseas contract manufacturers often move slowly notwithstanding diligent efforts. Not having continuing business with these entities increases the difficulties. Nonetheless, I have followed up with these parties and insisted on prompt responses. If you wish to contact me directly I can be reached via the contact information contained in this letter.

Very Truly Yours,

A handwritten signature in cursive script, appearing to read "David Meisels".

David Meisels
General Counsel
D&M Holdings US, Inc.

*Legal Department - Digital Networks North America, Inc..
888 SW 5th Ave., Suite 1800, Portland, OR 97204
Facsimile: 973-215-2837*

EXHIBIT F

From: "D&B Small Business Solutions" <SBS@dnb.com>
To: mak@kramerlawip.com
CC:
Subject: D&B Alert for Digital Networks North America Inc
Date: Friday, March 16, 2007 1:01:17 AM



Small Business
Solutions

D&B Alert

Important information about
a company you monitor

[▶ Get Details](#)

Dear Melody Kramer,

D&B has just issued the following Alert(s) on Digital Networks North America Inc, which you are currently tracking.

Unable to confirm operations
D&B Rating
Company-wide Employees Change
History
Commercial Credit Score
Risk of Late Payment Indicator
Financial Stress Score

Since you enrolled the company on February 21, 2006, we have issued 17 Alert(s) for Digital Networks North America Inc.

You may have access to view the alert details if you currently have an active D&B report on this company. To view alert details, please access the View My Reports/Alerts section of your account for up to 30 days from the date of this e-mail.

If you are monitoring your own company, you can visit our [eUpdate](#) site for free access to the most up to date information in our D&B database. Please note that eUpdate does not offer any D&B key scores and ratings.

If you have any questions or need assistance, feel free to call toll free 1-800-333-0505, Monday through Friday, 8:00 AM to 6:00 PM Local Time.

Sincerely,
Customer Support
D&B Small Business Solutions

Customer Satisfaction Survey: [Click here](#) to tell us what you think.

Privacy Notice:
[To view our U.S. Privacy Policy click here.](#)

To find out more about D&B Small Business Solutions visit: <http://smallbusiness.dnb.com> or write us at 103 JFK Parkway, Short Hills, NJ 07078.

Print

EXHIBIT G



February 22, 2006

VIA EXPRESS DELIVERY

Melody A. Kramer
Kramer Law Office
9930 Mesa Rim Road, Ste. 1600
San Diego, CA 92121


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Very Truly Yours,


David Meisels
General Counsel
D&M Holdings US, Inc.

*Legal Department - Digital Networks North America, Inc..
888 SW 5th Ave., Suite 1800, Portland, OR 97204
Facsimile: 973-215-2837*

EXHIBIT H

May-30-2006 03:54pm

From-Mc Donnell Boehnen Hulbert & Berghoff

+3129130002

T-860 P.002/002

F-756

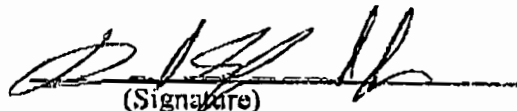
**DECLARATION UNDER 28 U.S.C. §1746
OF DNNA AND BERNIE SEPANIAK
REGARDING OF MP3 PLAYERS**

I, Bernie Sepaniak, am the President of Digital Networks North America, Inc. ("DNNA"). Both personally and in my capacity as President of DNNA, I declare, represent and warrant as follows:

1. My address is 6640 Intech Blvd. Suite 250, Indianapolis, IN 46278.
2. I am a citizen of the USA.
3. DNNA is a Delaware corporation with a principal place of business in Cupertino, California.
4. The Rio Division of DNNA previously sold MP3 players. The last sales of MP3 players by DNNA (including DNNA's Rio Division) occurred no later than September 30, 2005.
5. After September 30, 2005, neither DNNA, any entity owned or controlled by DNNA, or any entity that owns or controls DNNA, has sold, imported or offered for sale MP3 players.
6. Neither DNNA, any entity owned or controlled by DNNA, or any entity that owns or controls DNNA is holding MP3 players in inventory.

I declare under penalty of perjury of the laws of the United States that the foregoing is true and correct.

Executed on MAY 30, 2006
(Date)


(Signature)

D&M

D&M Holdings Inc.

For Immediate Release

D&M Holdings Inc. Names Bernie Sepaniak Chief Technology Officer

MAHWAH, NJ–December 12, 2006 – D&M Holdings Inc. (TSE I: 6735) today named Bernie Sepaniak the company's chief technology officer. Mr. Sepaniak currently heads up the digital network business unit at D&M Holdings. In his new position, Mr. Sepaniak will manage the company's intellectual property and patents on a global basis. He also will be responsible for sharing technology across the brands and identifying and evaluating new technologies, including potential acquisitions and partners.

"Bernie is uniquely qualified to develop his role into a value-creating asset of D&M Holdings," said Vic Pacor, president and chief operating officer of D&M Holdings. "His strong background in networking, the Internet, metadata delivery services and digital audio/video is the right mix for leading the group charged with expanding our technology portfolio," he added.

Reporting to Bernie will be the Technology Research Group in Japan, Intellectual Property Administration and the Advanced Center for Technologies (ACT). D&M Holdings owns the Denon, Marantz, McIntosh Laboratory, Boston Acoustics®, Snell Acoustics, D&M Professional, Denon DJ, ReplayTV® and Escient® brands. D&M Holdings is based in Kawasaki, Japan with North American headquarters in Mahwah, New Jersey.

"Our goal at D&M Holdings is to maintain the uniqueness of each brand while collaborating to make sure each company has access to our technologies," Sepaniak said. "I look forward to working with teams around the globe to ensure that we deliver the best technology available for creating compelling entertainment products," he said.

Mr. Sepaniak has served as president of Escient, ReplayTV and ACT and prior to D&M Holding's acquisition of Escient, served as president and CEO of Escient and OpenGlobe, an Escient spin-off. Prior to Escient, Mr. Sepaniak was senior vice

president of engineering and chief technology officer of NetFax, Inc., an industry pioneer in Internet facsimile technology. Earlier, Mr. Sepaniak served as director of the Video Business Unit and director of research and development for the Personal Communications Division for 3COM/U.S. Robotics, Inc. Mr. Sepaniak's career includes engineering and management positions at CTS Datacomm and DataTrek, which he co-founded.

Mr. Sepaniak earned a bachelor's degree in electrical engineering from the University of Tennessee.

About D&M Holdings Inc.

D&M Holdings Inc. (TSE I: 6735) is based in Kawasaki, Japan and owns the Denon, Marantz, McIntosh Laboratory, Boston Acoustics, Snell Acoustics, D&M Professional, Denon DJ, ReplayTV[®] and Escient[®] brands. Denon, Marantz, McIntosh and D&M Professional are global industry leaders in the specialist home theater, audio/video consumer electronics or professional audio markets, with a strong and long-standing heritage of manufacturing and marketing high-performance audio and video components. Boston Acoustics, with its signature The Boston Sound, is a leader in premium loudspeakers for home and audio markets. Snell is a super premium speaker brand. The ReplayTV and Escient brands represent award-winning technologies in digital home entertainment. Additional information is available at www.dm-holdings.com.

Denon and Marantz are registered trademarks of D&M Holdings Inc.; McIntosh is a registered trademark of McIntosh Laboratory, Inc.; Boston Acoustics is a registered trademark of Boston Acoustics, Inc. and ReplayTV and Escient are registered trademarks of Digital Networks North America, Inc.

For further information, contact:

Adam Weissman
DBA Public Relations
aweissman@dba-pr.com
(212) 388-1400

Statements in this news release that are not statements of historical fact may include forward looking statements regarding future events or the future financial performance of the company. We wish to caution you that such statements are just predictions and that actual events or results may differ materially. Forward looking statements involve a number of risks and uncertainties surrounding the integration of the company's acquisitions, competitive and industry conditions, targeted cost savings programs, market acceptance for the company's products, technological changes, developing industry standards and other factors related to the company's businesses

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